THE CITY OF NEW YORK DEPARTMENT OF INVESTIGATION

DEPARTMENT OF INVESTIGATION				
To:	File	Date:	October 22, 2018	
From:	Carolyn Tomsu	Re:	CMS # 16-03782	
	CLOSING	MEMORANDUM		
	ne following is a summary only o not contain each and every fact le			
		8		
ORIGIN	AND NATURE OF ALLEGATION	ON:		
Blasio and	d the Campaign for One New York of with the Mayor.		concerning Mayor Bill de	
donor was to have ma	indicated that CONY mass with business before the City, so seeking a particular contract or appeade payments to consulting firms they his election campaign fund."	me of which were giveroval.	also noted that CONY appeared	
	The state of the s			
focused pr	imarily on two areas			
(1)	The Mayor's fundraising efforts of	on behalf of CONY:		
	Office of the Mayor solicited corroganization had, a matter pending	ntributions "from any		

4, and COIB Advisory Opinion 2008-6; and

of the City," in violation of City Charter §§ 2604(b)(2), COIB Advisory Opinion 2003-

¹ DOI Commissioner Mark Peters was recused from the investigation of this matter.



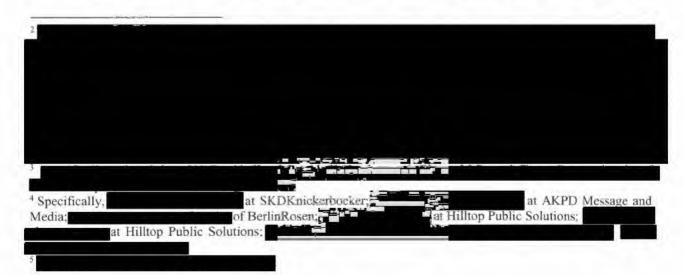
DOI'S INVESTIGATION

DOI's investigation included, among other steps: (1) conducting dozens of witness interviews, including of: CONY donors;² attorneys and lobbyists who participated in fundraising for CONY;³ consultants who were compensated by CONY, either directly or through their firms;⁴ former members of CONY's Board of Directors;⁵ Mayor Bill de Blasio;

subpoenas to, and reviewing records from, CONY and major consultants to CONY, including SKDKnickerbocker (SKDK), Greenberg Quinlan Rosner Research (GQRR), AKPD Message and Media (AKPD), BerlinRosen, and Hilltop Public Solutions (Hilltop); and (3) performing research to identify CONY donors who had or were likely to have a matter pending or about to be pending before one or more executive branch offices or agencies of the City.

RESULTS OF INVESTIGATION:

CONY registered as a not-for-profit corporation in New York State on December 12, 2013. The organization began receiving donations in January 2014, and raised a total of approximately \$4 million during its existence. CONY was disbanded around March 2016. Though it was originally established to support Mayor de Blasio's Universal Pre-Kindergarten (UPK) campaign, it later supported a broad array of Mayor de Blasio's policy objectives, paying for numerous



consultants who advised City Hall on political strategy, communications, and messaging related to a wide variety of issues facing the Mayor.

A. CONY's Operations

1. CONY's Legislative and Political Objectives

According to CONY fundraising materials, CONY began with a single focus: to develop a grassroots campaign to build support for Mayor de Blasio's plan for free, full-day UPK in New York City. During the UPK campaign, CONY operated and received donations under the name "UPKNYC." After the success of the UPK campaign in March 2014, CONY's mission became a more generalized effort to support Mayor de Blasio's overall agenda.

The next major campaign CONY supported was the "The Progressive Agenda to Combat Income Equality" (TPA). In 2015, CONY provided financial support to Mayor de Blasio's affordable housing agenda, though CONY's work on the housing agenda slowed by the summer of 2015. In addition to these larger campaigns, CONY supported a wide variety of Mayor de Blasio's policy objectives. CONY paid several consultants for strategy and communications advice on topics and issues that he encountered as Mayor, including education issues, homelessness, and the preservation of Long Island College Hospital.

2. Roles of and Mayor de Blasio of BerlinRosen described of Hilltop Public Solutions as the was involved in making all of CONY's significant "CEO" of CONY, and indicated that told DOI that selected the consultants retained by CONY, negotiated most consulting agreements on behalf of CONY, and was responsible for approving CONY's stated that selected CONY's consultants because they had existing expenditures. relationships with the Mayor. served as CONY's sole employee from January 2014 until approximately April 2016. s official title was and that had no other role or responsibilities beyond raising funds for the organization. CONY also paid several consultants who essentially functioned as part-time CONY employees. Mayor de Blasio does not appear to have participated in the day-to-day management of CONY, but he influenced the organization's strategy and benefitted from CONY's relationships with several consultants who advised him on a range of matters. Mayor de Blasio was also involved in raising funds on CONY's behalf. told DOI that they did not know or could not remember whether Mayor de Blasio was directly involved in creating CONY. Mayor de Blasio did not recall who initially had the idea to create CONY, and stated that he had agreed to CONY's creation only if COIB approved it. stated that selected the consultants to be paid by CONY, but did not specifically discuss them with the Mayor. Mayor de Blasio confirmed that he had no direct role

in choosing CONY's employees or consultants, but it was assumed that CONY would be controlled by the same "group of professionals" with whom he had worked for years.

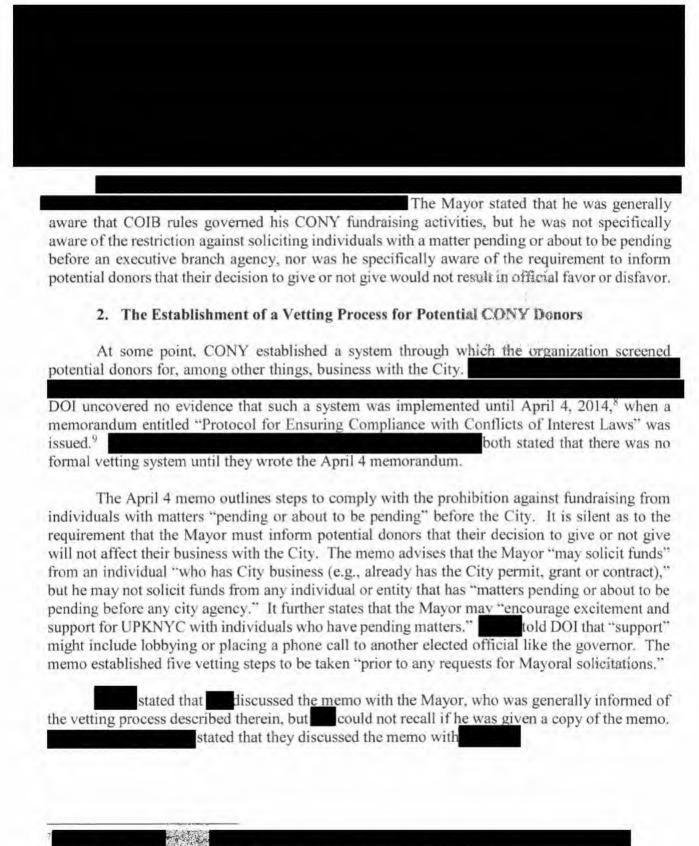
told DOI that they primarily communicated with
further communicated with the Mayor as appropriate. Mayor de Blasio told DOI that he did not need to approve specific expenditures. He explained that he received periodic updates on CONY and was generally satisfied that it was moving in the right direction.
For the most part, CONY – through its consultants – worked on and addressed issues as they arose in Mayor de Blasio's administration. expressed that it was understanding that role as a CONY consultant was intertwined with the Mayor's governing of the City. Thus, work for CONY included any request received from City Hall. attended weekly meetings with the Mayor where they discussed political issues in the City, and otherwise had ongoing, consistent communication with and other CONY consultants.
told DOI that, by the summer of 2015, many of the consultants began to question CONY's effectiveness and considered shuttering operations. recalled that Mayor de Blasio initially opposed CONY's closure, but later agreed to its dissolution.
B. Issue #1: CONY's Fundraising

1. Background

In two advisory opinions from 2003 and 2008, COIB articulated rules for elected officials who are fundraising on behalf of a not-for-profit organization that support the official's mission. In brief, COIB stated that elected officials may use City time and resources to participate in such fundraising, provided that: (1) the solicitations contain an express statement that a decision whether or not to give will not result in official favor or disfavor, and (2) the official does not solicit any person or firm with a matter pending or about to be pending before the official where it is within his legal authority or duties to make, affect, or direct the outcome of the matter. See COIB Advisory Opinion No. 2003-4; COIB Advisory Opinion No. 2008-6.



On February 22, 2016, various news outlets reported that Common Cause had submitted letters to government agencies requesting an investigation into CONY. CONY's dissolution was first reported on March 17, 2016.

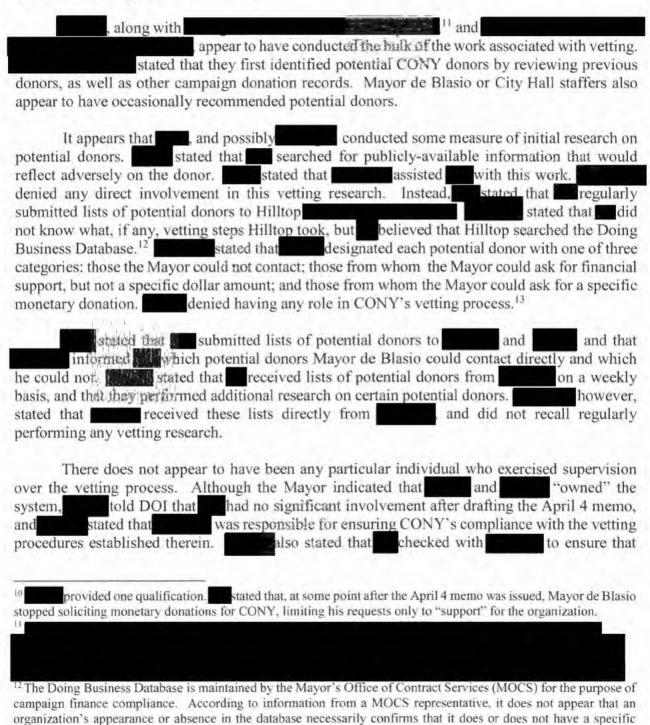


⁸ By the date of this memo, CONY had already raised approximately \$1.37 million.

⁹ The memorandum was issued from "Counsel to Mayor Bill de Blasio" and addressed to "UPKNYC Staff and Chief of Staff to Mayor Bill de Blasio."

3. How the Vetting System Worked

Witnesses generally confirmed that the process worked as described in the April 4 memo. 10 However, how the system was overseen remained unclear, as did whether the vetting research was conducted thoroughly and consistently.

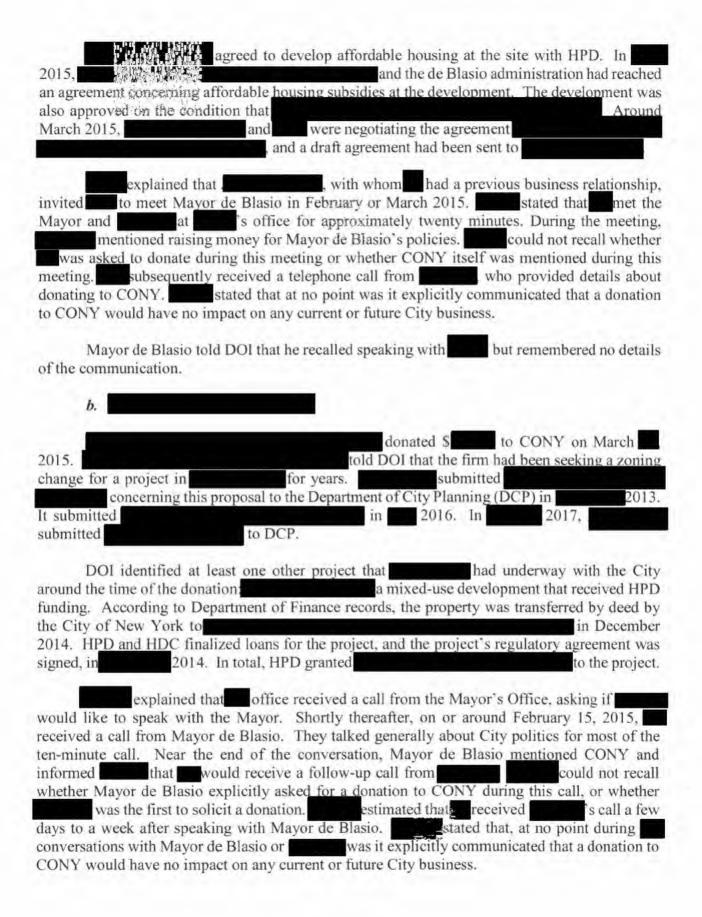


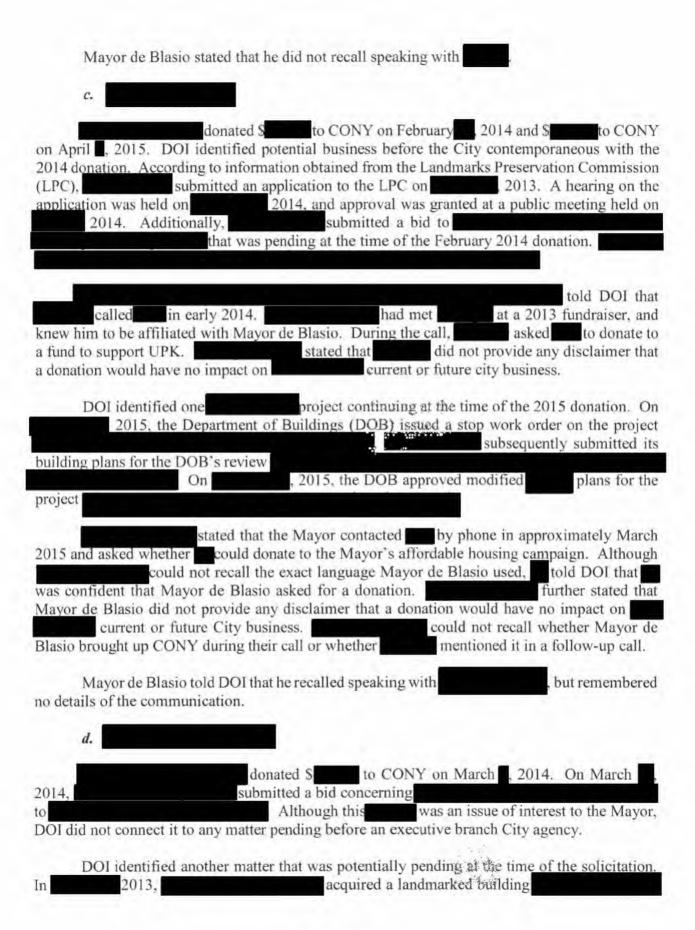
stated that played only a limited role with CONY starting in August 2015, reviewing donors in

"matter pending or about to be pending" with the City.

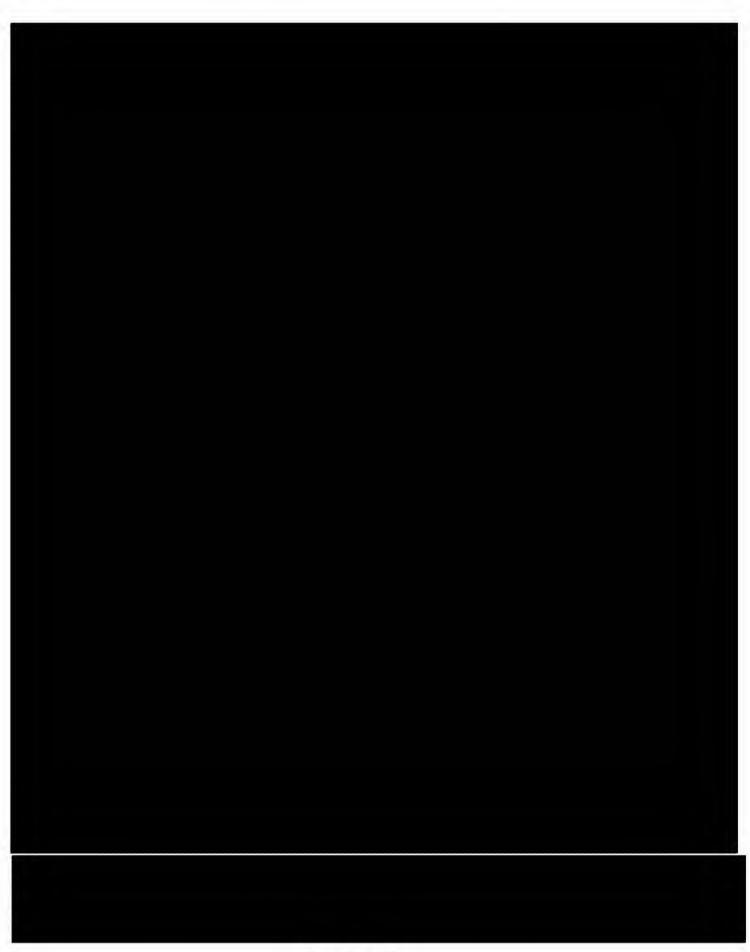
conjunction with the organization's semi-annual public release of its donor list.

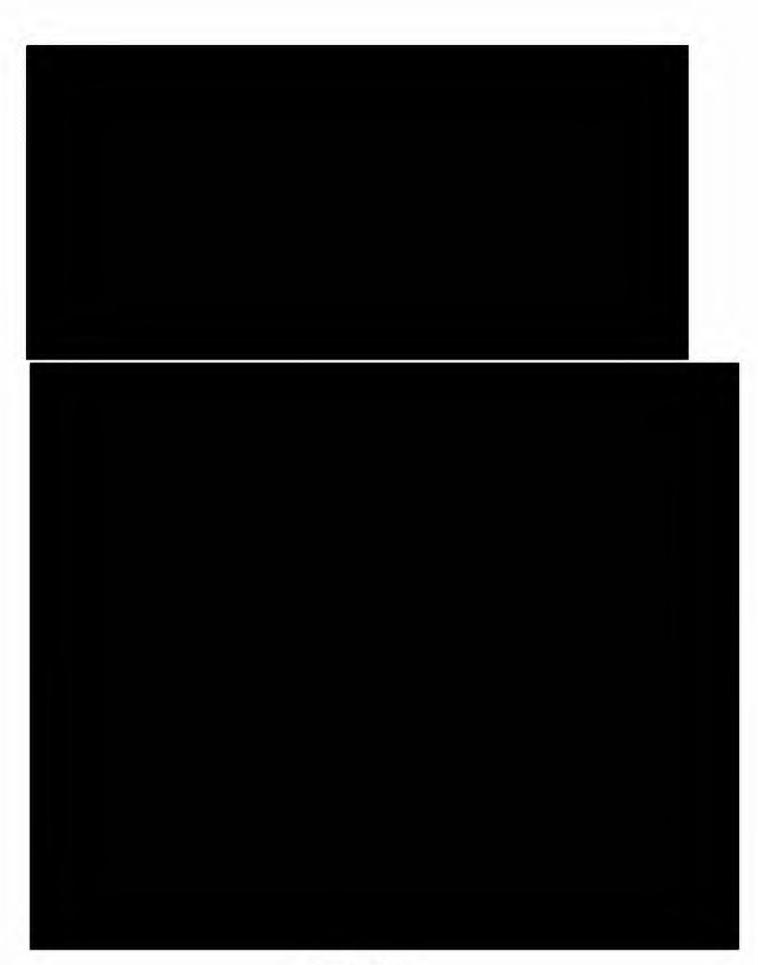
potential donors were being vetted, even though denied any significant role in the vetting process. did not know who was responsible for overseeing the vetting process.
4. De Blasio's Solicitation of Potential CONY Donors
and all told DOI that Mayor de Blasio called the vetted potential donors at regularly scheduled "call times." According to between June 2015 and the fall of 2015, Mayor de Blasio called approximately six to ten potential donors per week. The recalled that call times were not held every week, and were not held if the Mayor's schedule was too busy.
At "call times," Mayor de Blasio walked around the block as he called potential donors on his cell phone. Before each call, de Blasio was instructed whether he could solicit the potential donor for a specific monetary donation or for support. Stated that Mayor de Blasio reported back with the results of the calls, and was responsible for following up with individuals interested in donating to CONY. Mayor de Blasio confirmed these details. In follow-up calls, requested specific donation amounts from those potential donors from whom Mayor de Blasio requested more general support.
The Mayor explained that, generally when asking for support, he described the cause for which he was fundraising, explained that he had an effort underway to achieve these goals, and expressed that he hoped for the individual's support. He told interested individuals that someone would follow up with them. When the potential donor was familiar with would be the one following up.
Mayor de Blasio stated that he did not recall telling any potential donors that their decision to give or not give would not impact their current or future City business. Was not instructed to deliver any such disclaimer to potential donors. Told DOI they did not believe Mayor de Blasio needed to personally deliver this disclaimer when soliciting potential donors.
DOI interviewed four executives of real estate development firms in New York City who were contacted by Mayor de Blasio concerning CONY. In three of these cases, the firm likely had some sort of business or potential business pending before an executive branch office or agency at the time of the solicitation.
a.
donated \$ to CONY on March 2015. In an interview with DOI, stated that around March 2015 with several City agencies—the New York City School Construction Authority (SCA), New York City Department of Housing Preservation and Development (HPD), and the New York City Housing Development Corporation (HDC)—concerning a development in

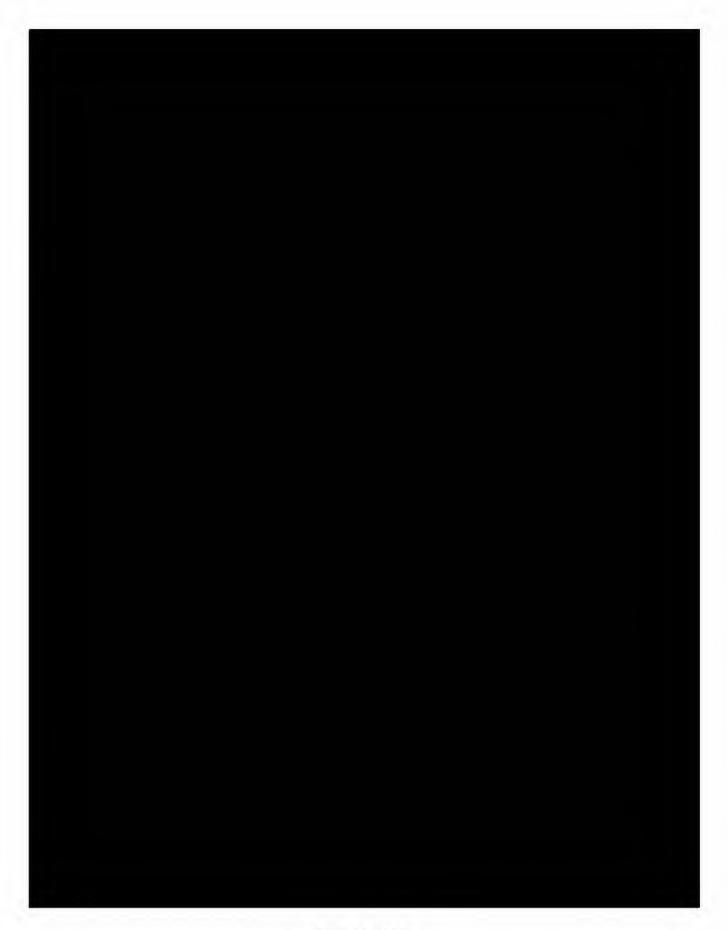




According to the LPC, it has receive for the building since March 2014. This was	ed sissued on 2014.
that received a phone call from in March 2014 to di told that would consider donating and, within minut de Blasio, who asked for a \$25,000 donation to CONY. their discussion did Mayor de Blasio provide any sort of disclai give would not result in official favor or disfavor. 14	es, received a call from Mayor stated that at no point in
The Mayor told DOI that he recalled speaking with the communication.	, but remembered no details of
C. Issue #2:	







Page 13 of 15





Therefore, this matter will be closed as:

(1) Substantiated with respect to the first question, whether the Mayor solicited contributions "from any individual who had, or whose organization had, a matter pending or about to be pending before any executive branch of the City."

